

Message Text

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TO USDEL SECRETARY IMMEDIATE

S E C R E T STATE 107754 TOSEC 040197

EXDIS, FOR ATHERTON

E.O. 11652: GDS

TAGS: PFOR, IR

SUBJECT: CONVERSATIONS MENTIONED BY IRANIAN AMBASSADOR
TO SECRETARY ON MAY 3

1. IN MEETING ON MAY 3 BETWEEN SECRETARY AND AMBASSADOR
ZAHEDI, LATTER MENTIONED CONVERSATIONS WITH WHICH
SECRETARY SHOULD BE ACQUAINTED BEFORE HE MET SHAH ON
MAY 13. DOCUMENTS RELATED TO CERTAIN OF THESE MEETINGS
UNAVAILABLE HERE ON SUCH SHORT NOTICE AND SO ZAHEDI
KINDLY SUMMARIZED CONVERSATIONS TO DEPT OFFICER ON MAY 11.

2. FIRST CONVERSATION RAISED BY ZAHEDI WAS BETWEEN SHAH
AND VICE PRESIDENT ROCKEFELLER ON KISH ISLAND IN MARCH
1976. CONVERSATION THERE COVERED VERY WIDE RANGE OF
SUBJECTS, THREE OF WHICH ARE OF PARTICULAR CONCERN TO
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SHAH NOW:

A. AFRICA: SHAH EXPLAINED GEOPOLITICAL SIGNIFICANCE OF
ANGOLA AND TIES BETWEEN IT AND OTHER KEY AFRICAN COUNTRIES.
URGED US TO GIVE FULLEST POSSIBLE SUPPORT TO MODERATE
ANGOLAN NATIONALISTS. WITHOUT SUCH A MODERATE COURSE
IN ANGOLA, USG WOULD LOSE SOUTH AFRICAN FRIENDSHIP AND IT

WAS ESSENTIAL THAT THAT BE CONTINUED. IF US FAILED TO ACT FORCEFULLY IN ANGOLA, SOVIET POWER WOULD SPREAD NOT ONLY IN SOUTHERN AFRICA, BUT WOULD ALSO EXTEND INTO NORTH, WHERE ALGERIA WOULD BE PRIME TARGET. SHAH SAID HE COULD NOT EMPHASIZE TOO STRONGLY DISASTROUS REPERCUSSIONS SHOULD THIS STEP BY STEP SPREAD OF SOVIET INFLUENCE PROCEED FROM ANGOLA TO MEDITERRANEAN.

B. PETROLEUM; SHAH SAID IT WAS ESSENTIAL FOR US TO BECOME INDEPENDENT OF DEPENDENCE ON FOREIGN OIL. THAT DEPENDENCE WAS A MAJOR US WEAKNESS, RESULT OF WHICH WOULD ONLY BE TO STRENGTHEN SOVIET HAND THROUGHOUT WORLD.

C. INDIAN OCEAN; SHAH SUMMARIZED GROWING SOVIET STRENGTH IN INDIAN OCEAN AND FACT THAT IRAN SUPPORTED CONTINUED STRONG US PRESENCE IN THAT AREA. SHAH ADDED IRAN WOULD ALWAYS BE READY TO HELP US IN CARRYING OUT LATTER'S SECURITY RESPONSIBILITIES IN INDIAN OCEAN.

3. THEN ZAHEDI SUMMARIZED FOR DEPT. OFFICER SEVERAL CONTACTS WITH PRESIDENT FORD AND SECRETARY KISSINGER DURING NOVEMBER-DECEMBER 1976. ALL HAD TO DO WITH SCHEDULED DECEMBER OPEC MEETING IN DOHA AND REPORT OF OPEC PLANS TO INCREASE PETROLEUM PRICES.

4. ON NOV. 10, KISSINGER ASKED THAT IRAN EITHER FREEZE OIL PRICES OR POSTPONE DOHA MEETING. WHEN ZAHEDI REPLIED IN NEGATIVE, KISSINGER SUGGESTED THAT PRICE INCREASE BE HELD TO 3-4 PERCENT. SECRETARY EXPLAINED
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HOW DECISION ALONG THAT LINE WOULD HELP IRAN'S WORLD IMAGE AND ITS REPUTATION WITH PRESIDENT-ELECT CARTER.

5. ZAHEDI PROMISED TO REPORT THIS CONVERSATION TO SHAH, BUT SAID HE KNEW ANSWER WOULD BE NO. ZAHEDI TOLD KISSINGER HE THOUGHT DOHA PRICE INCREASE WOULD BE BETWEEN 7-10 PERCENT. HE THEN GAVE FIVE EXAMPLES OF RECENT PRICE INCREASES FOR US ARMS SOLD TO IRAN AS PROOF THAT IRAN HAD NO CHOICE BUT TO ASK FOR HIGHER PETROLEUM PRICES. ACTUALLY, HE CONCLUDED, IRAN WAS AMONG OPEC MODERATES AND US SHOULD HOPE THAT IRAN WOULD WIN IN DOHA OVER OPEC EXTREMISTS WHO WANTED 35-40 PERCENT INCREASES.

6. ZAHEDI SPENT NEARLY TWO HOURS WITH PRESIDENT FORD IN UNANNOUNCED MEETING ON DECEMBER 7. POINTS MADE BY BOTH PARTICIPANTS WERE ALONG LINES OF ABOVE KISSINGER-ZAHEDI MEETING, ALTHOUGH ZAHEDI DEVOTED MUCH EFFORT TO PROVIDING PAST EXAMPLES OF IRANIAN MODERATION IN OPEC DECISIONS AND IRAN'S RESPONSIBLE ROLE IN MANY RELATED INTERNATIONAL

DEVELOPMENTS. HE CONCLUDED WITH PRESIDENT THAT IRAN
WOULD REMAIN AMONG OPEC'S MODERATES.

7- ZAHEDI THEN REPORTED ABOVE CONVERSATION WITH
PRESIDENT TO SHAH AND LATER RECEIVED REPLY FOR PRESIDENT.
REPLY WAS SENT TO PRESIDENT IN COLORADO. ITS MAIN POINTS
HAD TO DO WITH IMPORTANCE OF CLOSE US-IRANIAN COOPERATION
AND IRAN'S INTENTION TO TAKE MODERATE LEADERSHIP IN OPEC.
CHRISTOPHER

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